

consideration the bill (H.R. 3574) to require the mandatory expensing of stock options granted to executive officers, and for other purposes:

Mr. KOLBE. Mr. Chairman, I rise in opposition to H.R. 3574, the Stock Option Accounting Reform Act. This is a highly complex issue with compelling arguments on each side. But after carefully weighing these views, I oppose H.R. 3574 because it is not good public policy nor is it good for investors.

H.R. 3574 interferes with the independence of the Financial Accounting Standards Board (FASB) and the financial accounting standard-setting process. Just 2 years ago this body overwhelmingly passed and the President signed into law the Sarbanes-Oxley Act of 2002, which recognized the importance of an independent standard-setting process free of political pressures. H.R. 3574 risks damaging the investor confidence in and the credibility of our capital markets that the Sarbanes-Oxley Act sought to restore. FASB—not Congress—has the expertise to set accounting standards through an independent deliberative process. In the wake of recent corporate scandals we have not interfered with FASB rulemaking; it is not prudent to begin doing it now.

FASB's rule will provide greater protections to investors and shareholders. Supporters of H.R. 3574 state that expensing stock options will hurt the economy; I believe the opposite is true. Allowing FASB to promulgate its rule to expense stock options will improve investor confidence and increase investment. It will institute a standardized approach that will help all investors evaluate the effects of stock options upon company earnings on a uniform basis. Even the shareholders of Intel Corporation, one of the companies leading the fight against stock options expensing, passed a resolution calling for employee stock options to be treated as an expense.

Apart from the issue of FASB independence, another key question is whether stock options should be accounted for as an expense or as dilution to equity. In the final analysis, I agree with Warren Buffett: since both employer and employee place a value on options granted in lieu of other compensation, they should be treated as an expense.

The FASB rule does not prevent companies from using broad-based stock option plans. A company can, and should, as good corporate policy, continue to grant ownership to its employees with stock options. Healthy companies that previously disclosed the intrinsic value of compensatory options in the footnotes of financial statements as currently required should not suffer from a fall in stock price solely as a result of FASB's new rule. Several studies have indicated that, provided there is full disclosure, company stock prices will not be affected by expensing compensatory stock options.

Absent from the Sarbanes-Oxley bill was any provision regarding the accounting treatment of stock options. Recognizing the need to address this issue, I was a cosponsor in the 107th Congress of H.R. 5147, the Stock Options Accountability Reform Act, to develop standards of financial accounting and reporting related to the treatment of stock options. The FASB rule accomplishes this objective, and I cannot support Congressional efforts to interfere.

## VIETNAM HUMAN RIGHTS ACT OF 2004

SPEECH OF

**HON. SHEILA JACKSON-LEE**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 14, 2004*

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise to discuss current legislation H.R. 1587. I support this bill which would hold the government of Viet Nam responsible for any past and present abuses of human rights. This valuable piece of legislation, if passed, would prohibit non-humanitarian assistance to the government of Viet Nam unless the government in that country certified to the President of the United States that the government of Viet Nam has made significant advances toward freedom of political, religious, social, and cultural expression.

This bill would also mandate that the Secretary of State report annually on the state of affairs in Viet Nam and that the United States provide assistance through the appropriate nongovernmental organizations for the promotion of human rights and non-violent change in Viet Nam.

Such actions would help restore a level of peace that has long been absent from the country of Viet Nam. Right now Vietnamese citizens are living under a repressive regime. They are not afforded the basic human rights to worship however they choose, speak whatever they feel, write whatever they desire, and associate with whomever they wish. Many are being unfairly arrested and tried, and are being forced to serve lengthy prison sentences.

There is evidence of under-aged youths serving in the armed forces. There is also evidence that there is widespread torture, excommunication, and murder of those who choose to worship in non-state-approved religious organizations. Opposing political views also merit the same consequences. Mr. Chairman, Viet Nam is acting shamefully.

Father Thadeus Nguyen Van Ly knows the horror of the repressive Vietnamese government. On May 17, 2001, this 55-year-old priest was arrested at church for his non-violent political and religious views. Prior arrests, for similar reasons, date back to 1977 and attest to the government of Viet Nam's longstanding history as a violator of basic human rights. Having spent more than a decade imprisoned for standing up for his beliefs, Father Van Ly was named a prisoner of conscience by Amnesty International.

International attention is essential but not sufficient for restoring the people of Viet Nam their basic rights and liberties. There needs to be more humanitarian monitoring. To accomplish this there must be increased security in mainland and inland areas to allow for the safe journey of human aid and humanitarian workers. There is also a need for improved relations between Viet Nam and its neighbors. Requiring the Secretary of State to write an annual report would provide the United States and the international community with a greater understanding of the state of affairs in Viet Nam. Most importantly, Viet Nam must provide its citizens with basic human rights.

Mr. Speaker, for the reasons stated above I strongly support this bill and its potential to drastically improve the life expectations of

those living in Viet Nam. The lives of many like Father Van Ly hinge on the passage of the bill. Prohibiting the provision of non-humanitarian assistance to the government of Viet Nam will apply the right amount of pressure to the Government of Viet Nam and send a loud and clear message that the repression and abuse of human dignity must carry on no longer.

## CONCERNING NEGOTIATIONS WITH LIBYA

**HON. ROBERT E. ANDREWS**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 21, 2004*

Mr. ANDREWS. Mr. Speaker, as the Administration continues to negotiate with the government of Libya regarding the U.S. sanctions that still remain in place, it is vitally important that the interests of the Pan Am 103 victims' families be kept in mind.

As all of my colleagues surely recall, Pan Am Flight 103 exploded over Lockerbie, Scotland on December 21, 1988, devastating numerous families throughout the country. For over 15 years, the families of the 270 victims, including 189 Americans, have waited for justice. Given that the Libyan government has admitted responsibility for this horrific attack, the sought-after justice must include a substantial penalty to be paid by this government. To this end, an agreement was reached whereby the Libyan government is to pay each family a substantial sum, in stages, as certain criteria are met.

In order for the next stage of compensatory damages to be released to the families, the United States must lift two executive orders, one which has frozen Libyan assets in the U.S., and another which prohibits Libyan airlifts to and from the U.S. A deadline has been set at the end of this month, and if these executive orders are not lifted by that date (and there is no extension of this deadline), then the families will not receive this portion of the compensation, and it will be returned to the Libyan Government.

Let me be clear, the families are not concerned with the money. Rather, they want to ensure that the Libyan government is fully punished for the attack that claimed the lives of their loved ones. I wish to also state that the families are not necessarily advocating for all of these sanctions to be removed. If the U.S. decides as a matter of policy that they want these sanctions to remain in place permanently, they will support this decision. What the families do not want to see happen, however, is for the deadline to pass, thereby denying the families their just compensation, only to have the sanctions lifted a short period later. The Pan Am 103 families have waited far too long to be left standing in the cold, and they should not be made to watch justice slip away.

The State Department and the Administration are to be commended for their efforts in these negotiations thus far, and I urge them to keep the Pan Am 103 victims and families in mind as they proceed towards further resolution.